

A Study of the Dynamic Nonprofit Governance Process from a Phenomenological Perspective¹⁾

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Abstract

The purpose of this study is to develop an analytical framework and demonstrate a dynamic governance process of small non-profit organizations called Civil Society Organizations (CSOs) with focus on “intentionality” (Husserl, 2013) of nonprofit leaders who are responsible for fulfilling mission-oriented organizational activities. The term of intentionality is a useful concept in addressing the challenge of previous research of elucidating the dynamic nonprofit governance process from an institutional perspective. In particular, the acts of intentionality by nonprofit leaders that defines the future direction of board operations are to be demonstrated by looking inside the process of forming institutional logics (Friedland & Alford, 1991; Jackall, 1988; Thornton & Ocasio, 1999; 2008) of nonprofit governance. In order to do this, in the form of an application of Husserl’s phenomenology, this research attempts to build an analytical framework in order to capture the dynamic process of nonprofit governance by clarifying changes in his or her intentionality for the future direction of the board operations.

Keywords: *intentionality, nonprofit governance, governance logics, civil society organizations (CSOs), local infrastructure organizations (LIOs)*

1. INTRODUCTION

Achieving sufficient sustainability of businesses set up with a focus on creation of social values is an important challenge for Civil Society Organizations (CSOs). Alongside increasing concern with social problems and regional challenges, more opportunities have been given for CSOs to demonstrate their merit in addressing such problems and challenges, and successes in these opportunities led to CSOs’ becoming recognized by wider society as a ‘third sector’ following the public and private sectors. In the Japanese third sector nonprofit organizations incorporated as Public Interest Corporations (PICs) traditionally exist to provide public services such as education, social

welfare and healthcare, though a few CSOs had been incorporated as PICs before the Promotion of Specified Non-Profit Organization Activities (NPO law) of 1998 was enacted. Due to this background, many CSOs have been incorporated as Specified Non-Profit Organizations. Incorporated CSOs are commonly referred to as NPOs in Japan. Since the enactment of the NPO law of 1998, there has been a steady expansion of activities by CSOs, many of which are incorporated as NPOs, in various policy areas. Specifically, their influence in society is growing as they provide public services and address public issues.

Under these circumstances, support-type NPOs which are classified as Local Infrastructure Organizations (LIOs) (Wells & Dayson, 2010),

have greatly contributed to the development of such civic activities by providing operational support and incorporation support for civic groups (Yoshida, 2004). Unlike business-type NPOs delivering social services, LIOs, which seek to achieve their organizational mission through NPO support, have developed many partnership projects in collaboration mainly with local governments (Skelcher, 2007). This is because it is difficult for them to secure stable financial resources through their own intermediary support businesses. Therefore, it is essential to orient organizational management in a way that is consistent with their organizational missions and partnership projects.

However, many LIOs tend to have many partnership projects for the sake of organizational survival (Heylen, Fraussen, & Beyers, 2018). This could cause the hollowing out of core organizational activities to adhere to organizational missions and the fragmentation of organizational activities due to the weakening of the relationship among projects. Both of these issues would, in turn, bring about a higher risk of (1) “mission creep,” over-expanded interpretations of their organizational missions, and (2) “mission drift,” deviation from their missions (Moore, 2000). In order to address the practical challenge of avoiding mission creep and mission drift, it is essential to develop governance systems that enables the board to appropriately direct an organization and ensure the fulfillment of accountability to diverse stakeholders leveraging the resources and know-how acquired through partnership projects. Therefore, chairpersons of LIOs are required to take the lead with board management in accordance with changes in organizational missions in some cases as well as reviewing organizational management policies and reorganizing their business portfolio in response to changes in the internal and external environments.

In this study, we focus on the “intentionality” (Husserl, 2013) of nonprofit leaders of LIOs such as chairpersons who are responsible for fulfilling mission-directed organizational activities. The term intentionality is a useful concept in addressing the challenge necessary of elucidating the dynamic nonprofit governance process from an institutional perspective. In particular, the acts of intentionality by nonprofit leaders that defines

the future direction of board management are to be demonstrated by looking inside the process of forming institutional logics (Friedland & Alford, 1991; Jackall, 1988; Thornton & Ocasio, 1999; 2008) of nonprofit governance. In order to do this, in the form of an application of Husserl’s phenomenology, this research attempts to build an analytical framework to capture the dynamic process of nonprofit governance by clarifying changes in nonprofit leaders’ intentionality for the future direction of the board operations.

The remainder of this paper is organized as follows. First, studies of non-profit governance are reviewed. The process of the review starts with studies in nonprofit governance models and ends with those in contingency approach. Following the review, discussion on how to explain changes in nonprofit governance are developed with focus on studies in institutional theory. Here, we criticize a theoretical flow of those studies; chiefly, that they do not explain what defines the direction of institutional change (Cardinale, 2018). Second, following our critical review of the Cardinale model for institutional change based on a phenomenological approach, we demonstrate our model for institutional change with focus on intentionality (Husserl, 2013) that defines nonprofit leaders’ orientation of governance logic. Third, in a case study, we analyze an LIO that has experienced a dynamic governance transformation over 15 years since its establishment with use of our analytical framework. Finally, the theoretical implications to both nonprofit governance and institutional studies are introduced.

2. THEORETICAL BACKGROUND

2.1. *Nonprofit governance model*

Research in the field of corporate governance is applied in that of nonprofit governance since the theoretical perspectives, such as the agency, stewardship and stakeholder approaches, are able to be extended into nonprofit governance studies (Cornforth, 2001; Donnelly-cox et al., 2021). Differing from for-profit organizations, board members of NPOs need to set up the standard for the evaluation of organizational

performance and control managers to meet their organizational missions. This is because solid financial performance does not solely suffice for organizational accountability to multi-stakeholders. This means that additional models for the explanation of nonprofit governance should be added to the agency approach.

The first one is the stewardship approach which stresses the role of board members in providing the resources, organizational legitimacy, and skills as well as financial and human resources, needed to operate the mission-driven activities, which will allow nonprofit managers to be responsible to multi-stakeholders. As Davis et al. (2008) indicate, the stewardship approach does not assume conflict of interests between the principals and agencies; rather, it does emphasize the reciprocal relationship between principal and agency based on cooperation, participation, and mutual understanding. On the other hand, this approach pays less attention to who has a legitimate claim on the organization, its activities, or its outcomes (Donnelly-cox et al., 2021). For example, the stakeholders such as service beneficiaries who suffered from badly run NPOs have residual claimant status in NPOs because of being entitled to have their interests protected even if NPOs have no residual claimant (Williamson, 1983). This approach tends to fall into inward-oriented governance as it emphasizes a monolithic relationship between board members and management staff. Thus, the stewardship approach seems to neglect the fact that the board rather functions to reconcile conflicting interests among board members representing diverse stakeholders.

The second one is the stakeholder model, which focuses on the role of the board in coordinating interests among various stakeholders, such as donors or sponsors, community, and service beneficiaries, outside of the organization. In other words, this approach places its emphasis on being accountable to not only stakeholders residing inside organizations but also those (e.g., “claimants”) that reside outside of the organization and even outside of its mission statement (Donnelly-cox et al., 2021). In the stewardship approach, managers (e.g., secretary generals) play a central role in maintaining and expanding the organization,

whereas in the stakeholder approach, the board directors play a political role in negotiating and resolving the potentially conflicting interests among different stakeholders in order to determine organizational objectives and formulate policies.

The nonprofit governance model approach is useful to investigate conditions for NPOs to be accountable to their diverse stakeholders. However, each model does not demonstrate correlation between nonprofit governance and external environments as each one is taken on the assumption of static governance analysis. Though not implicitly linked to the aforementioned approaches, the relationships between governance and external factors are investigated in some studies (e.g., Brown & Iverson, 2004; Iecovich, 2005; Miller-Millesen, 2003; Ostrower & Stone, 2010).

2.2. Contingency approach to nonprofit governance

Brown and Iverson (2004), who extended the discussion of organizational adaptation (Miles & Snow, 1978) to the study of nonprofit organizations, further identified differences between organizations with exploratory strategies (“exploratory”) and organizations with defensive strategies (“defensive”) in the recognition of their mission statements, strategies, and governance structures. While defensive organizations focus on refining existing services and streamlining service delivery in a narrow market area, exploratory organizations tend to actively seek opportunities for business expansion and seek a broad range of potential partners and collaborations with those partners to expand their organizational capacity and address the problems and challenges facing the organization. The above differences are reflected in the differences in governance structures. As one example of this, the exploratory type of organization commonly has a broader structural pattern than the defensive type. Specifically, significant differences were found in the average number of committees and the average number of members on each committee, indicating that defensive governance tends to emphasize efficient organizational management and stricter control of organizational processes through centralized and generally smaller boards, whereas exploratory

governance tends to be more inclusive, flexible, and decentralized. Exploratory governance along these lines tends to seek program innovation and the discovery of new business opportunities by involving a diverse range of people outside the board (e.g., department heads, volunteers, community members) in decision-making through the establishment of more committees that are sub-organized under said boards. Iecovich (2005) pays attention to the fact that many NPOs are high in organizational resource dependence in dealing with external task environments and demonstrates that board members are asked to contribute more of their time if their organizations tend to engage in collaboration with other organizations. Indeed, correlations can be revealed regarding the relationships between organizational board's structure and function. As the board grows, the number of committees tends to increase, and when the board, as a committee, is involved in issues related to the organization's budget allocation and funding as well as personnel matters, the frequency of meetings and the functions of the board increase. Ostrower & Stone (2010), in developing a contingency-based framework, show that both external conditions and internal organizational conditions influence board's features such as composition of board members, power, structure and procedures. Specifically, the board's functions and roles acted on by its features finally define organizational and board's effectiveness.

Miller-Millesen (2003) integrates three organizational theories—agency theory (Fama & Jensen, 1983; Jensen & Meckling, 1976), resource dependence theory (Pfeffer & Salancik, 1978), and institutional theory (DiMaggio & Powell, 1983; Meyer & Rowan, 1977)—into a framework that links board behavior such as monitoring, boundary-spanning and conforming, with environmental and organizational factors. This framework suggests that the characteristics of board members are determined by the recruitment strategies required by external and internal situational factors, with particular emphasis on the methods and criteria for recruiting board members due to the board's characteristics. Accordingly, this framework offers a set of hypotheses: When an increase in the number of board members is

allowed to balance the power relationship between the board and organizational staff members, the board will undertake a monitoring role; If there is an increase in the number of board members to manage uncertainty, the members of the board will be dedicated to boundary spanning; and If the board composition changes in response to external demands, the board will focus on actions that are consistent with normative expectations for legitimating behavior.

Despite these well-theorized insights, the previous studies outlined above overlook the acts of consciousness (Husserl, 1960; 1991) of chairpersons in developing or enhancing nonprofit governance. Perspectives which overlook those aspects of the chairpersons are unable to find the diversity in the boards that can be explained with the same governance approach, nor dynamic process of changes in the structure and functions of the board. In other words, previous studies tend to shed light on structural aspects rather than the active role of chairpersons engaging in change-oriented behavior. In particular, despite being positioned under the same circumstances or having the same organizational strategies, there is a possibility for chairpersons to give different meaning to those circumstances since each of them has different "logics" (Friedland & Alford, 1991; Jackall, 1988; Thornton & Ocasio, 1999; 2008) of governance. Therefore, in the sense of viewing nonprofit governance as a line rather than a point, by capturing a series of actions by the chairpersons that have various logics, we were able to demonstrate the dynamic structural and functional changes in nonprofit boards. Therefore, there is a need to construct an analytical frame for changes in governance logic based on the chairpersons. In the next section, we critically review Cardinale's model for institutional change in order to construct said analytical frame.

2.3. Institutional theory and institutional change

Institutional theory was originally used to emphasize spread of legitimated practices in organizational field (DiMaggio & Powell, 1983) which constrains the actions of actors on the one hand; on the other hand, these practices are also recognized as taken-for-granted actions by actors (DiMaggio & Powell, 1983; Meyer & Rowan, 1977).

Under such circumstances, some institutional theorists (e.g., DiMaggio, 1988; DiMaggio & Powell, 1983; Holm, 1995; Meyer & Rowan, 1977; Seo & Creed, 2002) came to focus on the agency of actors to explain institutional change. Seo & Creed (2002) and Holm (1995) use the term “paradox of embedded agency,” which was introduced to consider the issues regarding when and how actors can engage in behavior aimed at changing institutions. Seo & Creed (2002) asserted that their change-oriented behavior comes about as a result of the creation of conflicts and tension through contradictions brought about by mutually incompatible institutional processes. Despite this, however, they were apt to overlook the role of actors in institutional change, instead focusing on the influence of exogenous shocks (Battilana et al., 2009).

On the other hand, DiMaggio (1988) attached more emphasis to the active role of actors engaging in change-oriented behavior and proposed the term of “institutional entrepreneur” that illustrates an actor who acquires motivation for change and carries out innovation while being embedded in institutions. He opened up a new avenue of research into endogenous explanations of institutional change (Battilana et al., 2009). Paying attention to a “theory of practical action” (DiMaggio & Powell, 1991) enables us to capture the strategic actions of actors, as this provides “microfoundations that do justice to both the pre-reflective, taken-for-granted aspect of action that results from embeddedness within institutions and the more reflective, strategic aspect of action that is based on an explicit understanding of institutions” (Cardinale, 2018: 132). Of particular importance is that each actor has their own institutional logic which is nominally defined as “the socially constructed historical patterns of material practices, assumptions, values, beliefs, and rules” (Thornton & Ocasio, 1999: 804) and this logic provides a “link between individual agency (actor) and cognition and socially constructed institutional practices and rule structures” (Thornton & Ocasio, 2008: 101). The concept of institutional logics may help provide reference points for nonprofit chairpersons to organize their own practices in reference to institutional practices and rule structures.

2.4. Analytical framework for a dynamic process of nonprofit governance

From a micro to macro perspective, we can demonstrate how chairpersons would read the institution constraining them and then transform both the structure and functions of nonprofit board in a certain direction based on their individual logics. Cardinale (2018) who is influenced by phenomenology (Husserl, 1960; 1991) submitted “two major reformulations to the structure-agency debate that are to claim (1) that structure not only constrains and enables action but also ‘orients’ action toward certain possibilities and (2) that agency is not only reflective but can also be pre-reflective in nature” (Harmon et al., 2019: 464). Focusing on the latter sense, the process of generating and developing oriented practices that lead to institutional change can be explained by distinguishing the functions of agency from (1) “project”: A reflective engagement with structure, whereby actors visualize means in view of ends, and (2) “protention”: A pre-reflective engagement with structure, whereby courses of action appear as self-evident (Cardinale, 2018: 137).

Cardinale (2018) showed the importance of applying Husserl’s phenomenology to develop an explanatory model of institutional change. But, at the same time, he also revealed a lack of an understanding of the epistemology developed by Husserl. Especially, he overlooked the acts of “Intentionality” of the actors toward the phenomena that are the starting point of the practices resulting in institutional change. This intentionality is “consciousness on something” that is not made aware to actors until their reflection on it (Husserl, 2013). What Husserl called “phenomena” are the things and actors that not only appear in our consciousness with meaning but also are experienced (Sakakibara, 2018: 31). Husserl sought to clarify how these semantic phenomena and semantic experiences are formed by tracing them back to the function of “intentionality of consciousness,” which is always at work, usually without being aware of it, in the foreground of semantic phenomena (Sakakibara, 2018: 31). The acts of intentionality of consciousness are action-oriented as they are working on the objects. The intentionality of actors’ consciousness

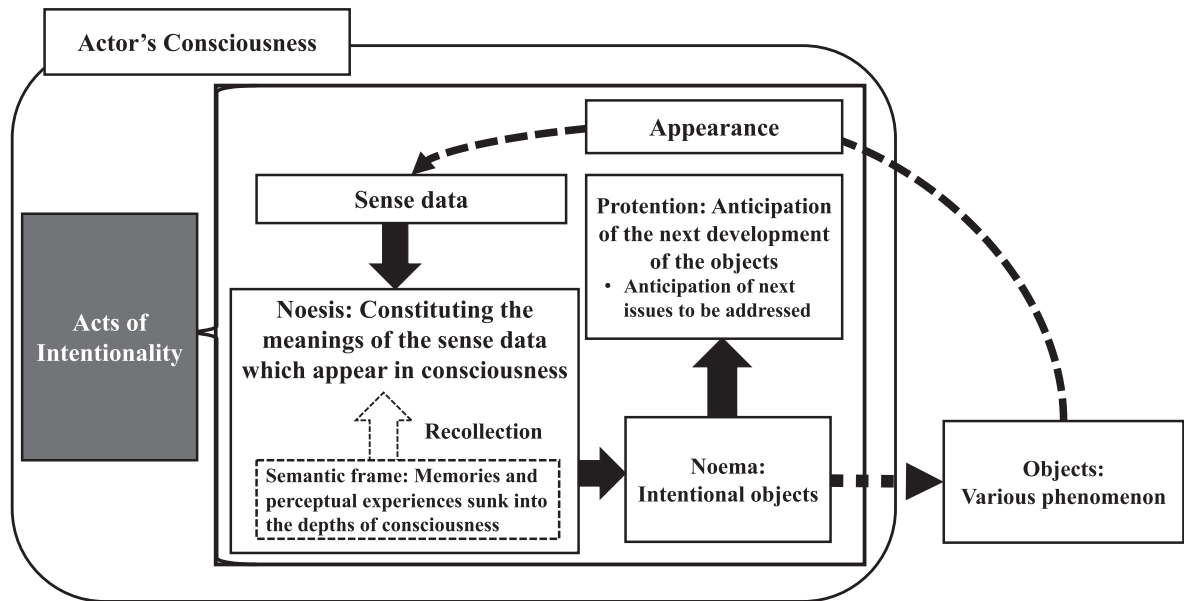


Figure 1: Intentionality of actor's consciousness
Source: Author created based on Husserl (1960; 1991; 2013)

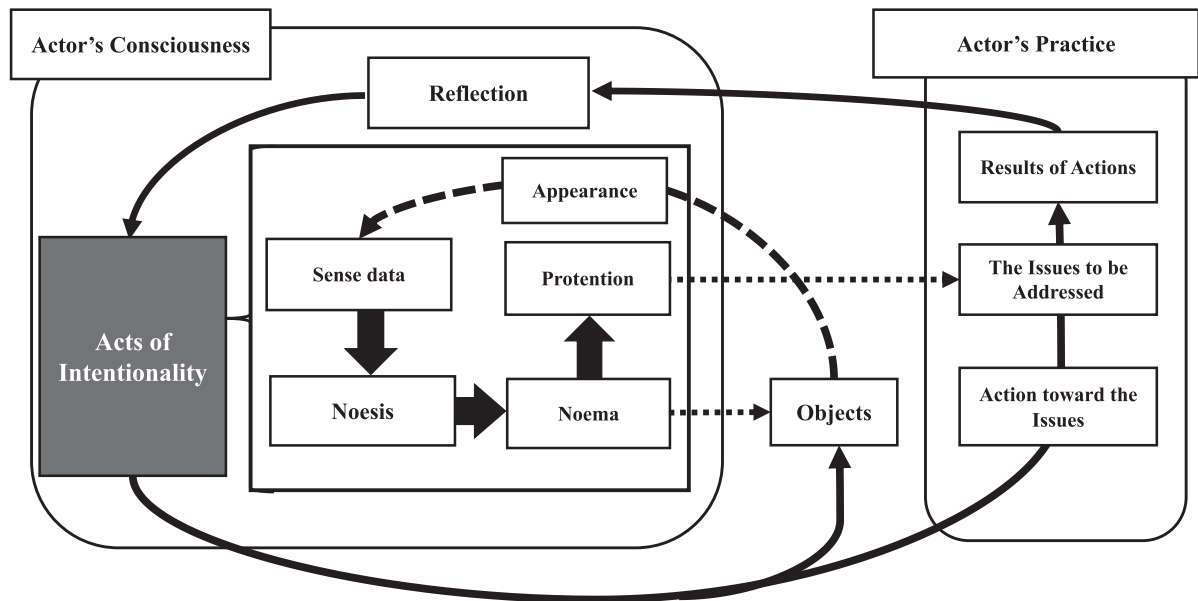


Figure 2: Consciousness and practice of actor
Source: Author created based on Husserl (1960; 1991; 2013)

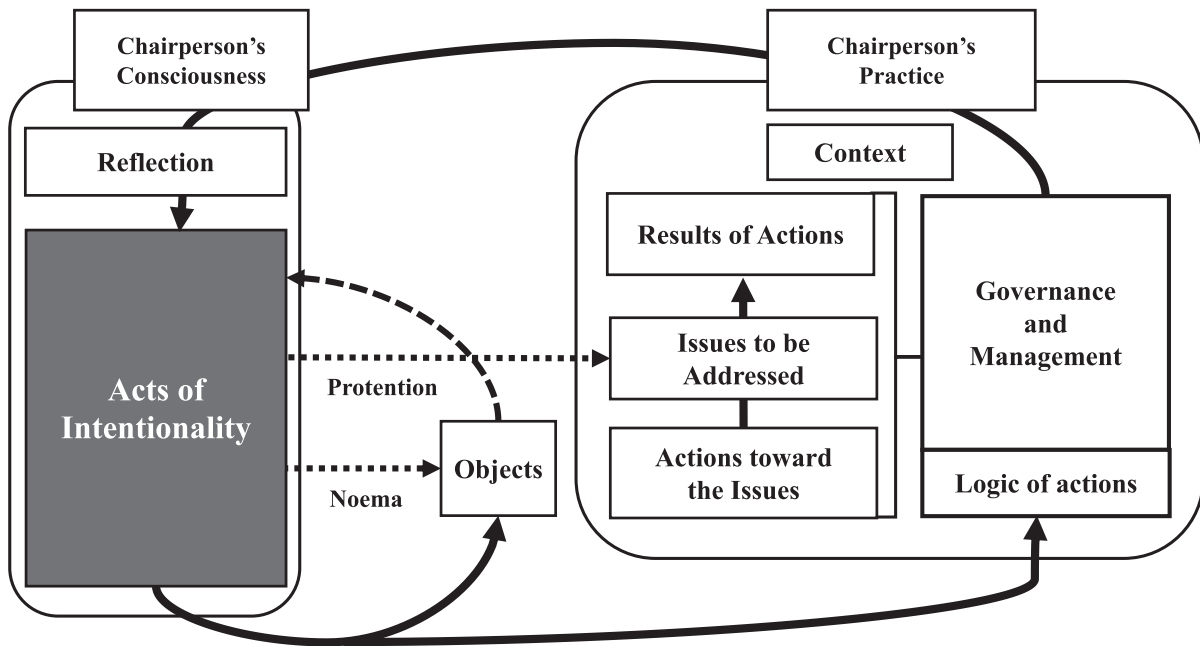


Figure 3: Consciousness and practice of chairperson

Source: Author created based on Husserl (1960; 1991; 2013)

is established based on the accumulation of their experiences and the consequent renewal of knowledge and beliefs” (Sakakibara, 2018: 47). Husserl called the formation of semantic phenomena and semantic experiences in the stream of time based on the accumulation of past experiences and the subsequent renewal of knowledge “Genesis” (Husserl, 1991) in the sense of the origin of generation. Different actors have different understandings and judgments of the same object because of the different ways in which the intentionality of consciousness works (Sakakibara, 2018: 47). In other words, these differences are derived from differences in the semantic experiences such as situational judgments and understandings among the actors.

Figure 1 illustrates the acts of intentionality inside of the actor’s consciousness. The objects such as various phenomena appear as sense data in the consciousness of an actor. Then, the meanings of the sense data are to be constituted recollecting the memories and perceptual experiences sunk into the depths of consciousness. The semantic frame functions as medium of connecting actors’ memories and perceptual experiences to the sense data in the process of constituting the meanings that given

to the objects. Through this process that is called “noesis” (Husserl, 2013), the meanings are given to the intentional objects. The intentional objects that are called “noema” (Husserl, 2013) enable an actor to anticipate the next development of the phenomena (protention). As Figure 2 shows, after having given a meaning to a related phenomenon, through protention an actor anticipates both the next issues to be addressed and actions towards next issues that will come up from the means-ends framework of the actors. In this sense, actions based on protention are oriented in a certain direction of actor’s practice. The results of the actions update the intentionality of the actors in forms of “reflection” to read emerging objects to be worked on.

In appliance to an analysis of nonprofit-governance, as Figure 3 shows, the intentionality of a nonprofit chairperson (chairperson’s consciousness) constitutes a meaning in reference to his or her semantic frame that is given to emerging objects. As for the chairperson’s practice (governance: board operations), his or her protention defines the issues to be addressed under the organizational context, and asks managers to act, and then, reflects his or her practices following the results

of the actions taken. A series of actions are not only implemented through the governance based on acts of intentionality; the acts of intentionality create the governance logic that defines the governance. The loop mechanism defining the recursive relationships between the acts of intentionality (chairperson's consciousness) and the governance (chairperson's practice) illustrated in Figure 3 can identify changes in nonprofit governance along the developmental phases of an NPO. The case analysis of a nonprofit governance is demonstrated with use of the analytical framework presented.

3. METHODS FOR THE CASE ANALYSIS

3.1. *Research strategy*

The case study approach that is adopted in this research is “a research strategy which focuses on understanding the dynamics present within single settings” (Eisenhardt, 1989: 534). As widely recognized in social research, case analysis has several advantages over more quantitative methodologies in illustrating when, why and how things happened or changed from the perspectives of practitioners in the target context (Yin, 2014). In order to do so, the institutional logics (Thornton et al., 2012) underlying non-profit governance were extracted through the discourse analysis (Wodak & Meyer, 2016) of chairpersons with focus on their inner consciousness in critical phases of organizational governance. Second, despite it being a single case, this case is a conducive one to be closely probed since it had accomplished drastic organizational reform through a series of rebranding strategies such as changing the organization name and organizational mission, and by doing so it became a totally different organization from the one at the time of establishment. Therefore, it could be expected to extract useful theoretical insights for the analysis. Third, the study is strongly aware of not only the theoretical implications but also the practical implications. Through a continuous reflective dialogue with practitioners (Numagami, 1998), this research attempts to revise the hypotheses and the analytical framework of the dynamic governance process as necessary and provide practical implications for the chairpersons

of the LIO to realize disciplined governance that is accountable for diverse stakeholders while selectively accepting the expectations and demands from within and outside the organization based on the realization of the organizational missions.

3.2. *Data collection*

This study intends to construct an analytical framework for a dynamic nonprofit governance based on the collection and analysis of data, using qualitative research methods, on board operations and the intentionality of chairpersons since its establishment. In order to assess the board operations of the LIO, Organization A (Org A), we conducted ongoing semi-structured interviews on management policies with key members of staff—such as co-representative directors (former chairperson and secretary general), board members, executive directors, and managers—of Org A. Spanning four years, from 2018 to 2022, we conducted more than 20 interviews and collected secondary data from relevant materials such as annual reports, press releases, and personnel records on both the staff and board members who worked from the year of establishment to 2019. Based on the data collected, we examined (1) the process of establishment and change of the chairperson's management policy based on the organizational development stage, (2) the process of establishment and change in functions and composition of the board, and (3) the process of the board reform implemented in response to the change in the LIO's organizational missions and name. In the process of the case analysis, fact-finding and additional interviews with chairpersons have been conducted as necessary to refine the data to be used in constructing the analytical framework for a dynamic nonprofit governance.

The case analysis based on the analytical framework presented in Figure 3 is to demonstrate shifts in the governance of Org A. First, we attempt to demonstrate how both the acts of intentionality and governance of co-representative directors interacted with each other following the narratives (Table 1) of co-representatives regarding (1) objects, (2) the acts of their intentionality (including semantic frame, noema and reflection), (3) their practice (governance: board operations)

Table 1: Details of the acts of intentionality and practice of chairperson(s)

Objects	Intentionality	Governance (Board Operations)		Reflection
Phase 1: At the time of establishment in 2001				
<p>Increased attention to civic activities in Japanese society</p> <p>The enactment of the NPO Law in 1998</p>	<p>Noema</p> <p>Necessity for community activation</p> <p><i>"I thought the necessity for community activation in a different approach from the Junior Chamber of Commerce (JC)" (Founder and Representative Director).</i></p> <p>Semantic frame</p> <p>Engaged in social activities such as civic trust movement for social development of the local area as a leader of JC</p>	<p>Context</p> <p>Chairperson (the founder of the organization) actually operated alone due to volunteer-based activities, but many of board members made contributions as he asked</p> <p><i>"Everyone had a job except me, so I had to help as needed" (Founder and Representative Director).</i></p> <p>Included community stakeholders as board members in addition to colleagues of the JC, with the purpose of gaining legitimacy for the organization in the local area and access to diverse information and resources</p>	<p>Issues to be addressed</p> <p>Intermediary support for civic groups in the local area</p> <p><i>"It is fine for volunteers to do what they want to do, but it is very inefficient to do only what they want to do. Thus, I was wondering if there was anything I could do to facilitate civic activities, rather than taking concrete action on my own. Later, I learned that this is called 'intermediate support'" (Founder and Representative Director).</i></p> <p>Actions</p> <p>Tried to establish a liaison council of civic groups in the local area</p> <p><i>"At the time, I was aware of the necessity for providing some kind of intermediate support. So I clearly tried to create a network like a civic group liaison council. The council was established, but I was not aware of any specific projects" (Founder and Representative Director).</i></p> <p>Results of the actions</p> <p>Succeeded in extracting grants from the Local Municipal Government (LMG), enabling the liaison council to operate in an intermediary supportive manner</p> <p><i>"The organization was able to get the grant. This is because I was the one who lobbied for it. I had some influence over the LMG because of my JC activities as a leader" (Founder and Representative Director).</i></p> <p>Received an offer from the Prefectural Government (PG) for undertaking a youth employment support project</p>	<p>Measures for sustainable organizational activities</p>

Table 1: Details of the acts of intentionality and practice of chairperson(s) (continued)

Objects	Intentionality	Governance (Board Operations)		Reflection
Phase 2: After the first commissioned project in 2007				
Employment generated as a result of the youth employment support project contracted in the previous year	<p>Noema</p> <p>Need to create a mechanism for sustainable organizational activities with anticipation of employment growth</p> <p><i>“When we actually obtain a large-scale commissioned project from the PG, we will need to create an organization with a more solid structure and larger employment” (Founder and Representative Director).</i></p> <p>Semantic frame</p> <p>His experiences of working together with the public sector during his days of the JC</p>	<p>Context</p> <p>Chairperson is responsible for making decisions based on the discussions made by board members</p> <p>Appointed those who can deeply commit to board management</p> <p><i>“At that point, we started replacing some of the existing board members with those who can deeply commit to board management” (Founder and Representative Director).</i></p>	<p>Issues to be addressed</p> <p>A prefectural government-commissioned project suitable for the organization to undertake will appear</p> <p>Actions</p> <p>Applied for the Prefectural Livelihood Creation Center (commissioned project) (jointly with other local infrastructure organizations in the same region)</p> <p><i>“The philosophy of the project was in line with our organizational philosophy, but we were unable to operate this project alone” (Founder and Representative Director).</i></p> <p>Results of the actions</p> <p>Applied for bids and won the project contract</p>	Laying organizational foundations to be a business organization
Phase 3: Introduction of the secretariat system in 2009				
Large-scaled administrative commissioned project and rapid expansion of organizational business scale	<p>Noema</p> <p>Significant review of organizational management structure</p> <p>Semantic frame</p> <p>Merger with a partner organization in order to undertake the commissioned project jointly</p> <p><i>“In 2008, while managing the project, I was reforming the organization to which I belonged at the time. The following year, in 2009, we began operating under a designated management system, and I thought that even if we formed a joint venture, the employment relationship would still be too complicated, and there would be some trouble over how to distribute the surplus they generated. I thought that there was no need for two small organizations acting in the same area to compete with one another, and that it would be more efficient to merge them” (Representative Director).</i></p>	<p>Context</p> <p>Chairperson was responsible for making decisions based on the discussions made by board members</p> <p>Dedicate administrative support to the Secretariat</p> <p><i>“Board members gave me objective advice on on-site management, which was being conducted by myself (secretary general at the time) and the chairperson, and coordinated matters on which I and the chairperson disagreed” (Representative Director).</i></p> <p><i>“Basically, from my point of view, the board was a place where we could consult. Yes. So, basically, I would consult with the board members about management-related issues such as ideas and know-how. So it was also an opportunity for me to learn about business management” (Representative Director).</i></p>	<p>Issues to be addressed</p> <p>Systematization of on-site management, Human Resource Development, Organizational Development</p> <p>Actions</p> <p>Spent more time and money on organizational development, labor management, and human resource training</p> <p><i>“In terms of being an organization that nurtures staff members as well as business operations, the secretary-general’s talent for nurturing them must have a significant impact there, don’t you think? Yes. If you don’t do that, there is no point in doing a lot of commissioned projects organizationally. She had a strong desire to do so, and even when I look at her, I was impressed by how much time she spent caring for the staff members” (Founder and Representative Director).</i></p>	Fostering core staff members as staff board directors

Table 1: Details of the acts of intentionality and practice of chairperson(s) (continued)

Objects	Intentionality	Governance (Board Operations)		Reflection
		Flat and interactive communications <i>"Vertical communication and top-down decision-making are significant characteristics of the JC, because many of them are sons of past economic successes. So I realized that a more flat communication is found in the difference between NPOs and JC" (Founder and Representative Director).</i>	Results of the actions Improvement of management capacity and quality of the staff	
Phase 4: Making of staff board members in 2011				
Manifestation of inconsistent business portfolio	<p>Noema Clarification of organizational direction</p> <p>Semantic frame Promotion of organizational reforms for becoming a business organization, which have been taken place since 2009.</p>	<p>Context Chairperson was responsible for making decisions based on the discussion made by directors of the board</p> <p>Provision of advice to the Secretariat <i>"Directors of the board gave me a lot of advice on how to structure the organization. For example, when I said that rebranding would be a good idea, how do you feel about that? They said, that's a good idea. Directors of the board encouraged us by saying, that's a good idea" (Representative Director).</i></p> <p>Nurturing of staff board members <i>"I think it is better to have a board member who actually deals with the issues the organization faces, and this is still the case today. Despite a small organization there is still a gap between the board members and the front-line staff. I felt a necessity to have the direct voices of the frontline at the board meetings, so I think it was good timing to have a board member who is also a staff member at this time" (Founder and Representative Director).</i></p>	<p>Issues to be addressed Rebranding of the organization, Independence of the Secretariat from the Board</p> <p>Actions Renaming name of the organization, changing the organizational mission, and sense making of the business areas through rebranding, and reconsidered the business portfolio in accordance to the rebranding</p> <p>Results of the actions Clarification of organizational direction through rebranding, Improvement of on-site management based on the rebranding, independence of the Secretariat from the Board as a result of the results above <i>"Since the rebranding period, there has been a lot of talk about who we are and where we are heading. People started talking about 'what kind of human resources do we need' and 'what kind of education do we need.' We had many discussions, but had not yet reached a conclusion. But gradually we came to the conclusion that we need rebranding. We began to ask ourselves, Where and how do we do this? This led to a change in the name and memorandum of the organization. Subsequently, evaluation systems and training methods gradually became clearer" (Founder and Representative Director).</i></p>	Consistency in board management and business management for realizing the organizational missions
Phase 5: Renewal of Board members for transfer of power to the next generation in 2015				

Table 1: Details of the acts of intentionality and practice of chairperson(s) (continued)

Objects	Intentionality	Governance (Board Operations)		Reflection
Improvement of management capability of the secretariat	<p>Noema Generational change in the board members</p> <p>Semantic frame Experience as a chairperson or secretary general</p>	<p>Context Renewal of the board members <i>"Since the leading line manager became the executive director, we are in the process of recruiting more board members from his network" (Representative Director).</i></p>	<p>Issues to be addressed Transfer of power to the Secretariat in order to improve quality of discussions for the future direction of the organization <i>"In addition to increasing the number of people who can think from a managerial perspective, we are also trying to have board members who can go back to the basics and discuss what is important to them. We are currently considering the future direction of the organization through quality discussions" (Founder and Representative Director).</i></p> <p>Actions The leading line manager was appointed as the executive director, and the secretary general was appointed as a co-representative director. Some roles of the Board shifted to a staff-centered management meeting. <i>"She played a major role in both business management and board operations. In that sense, she was practically the representative director. But then, I am also the founder, and I don't think it's right to put the responsibility on her and leave. If anything, I would feel more comfortable if we were jointly managing the board, and I don't think either of us should be the one to do it" (Founder and Representative Director).</i></p> <p><i>"I wanted to go in with responsibility. I wanted to change the system to the one in which a young manager would take the lead. We appointed him as executive director, and we are now in a system where we are aware of a significant transfer of power to the secretariat led by him" (Representative Director).</i></p> <p>Results of the actions Facilitation of generational change of board members and secretariat, community development projects in full swing</p>	Establishment of organizational management system for the next generation

Source: Author created

including organizational contexts, issues to be addressed, actions toward said issues, and results of these actions). In accordance with changes in acts of intentionality of the co-representative directors, the governance logic of the board also changed. It was found that the acts of intentionality formed the governance logic—with governance logics being divided into three types²⁾ (volunteer logic, managerial logic, and mission-oriented logic)—and the shifts of the logic from one to another were not necessarily made completely. The shifts in governance logic of Org A are described (Figure 4). The analysis is composed of five phases. The division of the phases is based on major changes in the composition of board members and the function of the board between 2001 and 2018. During this period, the number of board members has ranged from 8 to 11.

3.3. The consciousness and practice of the chairperson(s) of Org A

3.3.1. Phase 1: 2001–2007

The founder (now co-representative director) of Org A did not have enough experience to lead a NPO as he used to be a business manager. However, he used to enthusiastically work on community revitalization events at the local Junior Chamber of Commerce (JC). Increased attention to civic engagement in Japanese society since the mid of the 1990s made him not only reflect on event-based JC activities, but also realize that the need for an intermediary support function to ensure the efficiency of civic activities. His intentionality led him to found the first LIO in his home area. As for governance, the founder chairperson posed organizational directions and sought the help of board members (a public official, local firm managers and a local university professor, managers of local firms) as needed since there was no member who could fully commit to the activities except him. The chairperson was forced to make a decision following suggestions and advice from the board members. While Org A was really a volunteer-based organization, the chairperson succeeded to establish a liaison council of civic groups with purpose of activating civic activities in his local area. This is due to his fully utilizing his local resources such as social networks and

trust which he constructed during his days at the JC. In addition, he accepted an offer of the public project for promotion of youth employment, which resulted in employment of full-time staff members. Thus, he became aware of finding the measures for sustainable organizational activities.

In this phase, the governance logic of Org A is characterized as volunteer logic, since core board members enthusiastically engaged in organizational activities on a volunteer basis while being keenly aware of gaining legitimacy for the organization in the community. The chairperson embraced diverse stakeholders in the community—such as a professor of a local university, a senior public official of the Local Municipal Government and managers of local firms—with use of his social network constructed during his days at the JC. On the other hand, due to the fact that all board members except him had their own full-time job, there were large variations in their commitment. The chairperson was commonly forced to make decisions on a top-down basis.

3.3.2. Phase 2: 2007–2009

The chairperson replaced some board members with those who would be able to deeply commit to board management. The chairperson was still responsible for making final decisions based on the discussions made by board members, but he tried to improve the quality of discussions at board meetings with the purpose of enhancing organizational functions as a LIO. This was due to the fact that the chairperson was sensitive to the Prefectural Government's moves based on his experiences working with local governments during his JC days. He actually sensed the fact that the Prefectural Government was actually planning to build a facility to promote civic activities in his area. The acquisition of the prefectural project for operation of the facility would not only reinforce management foundation of Org A, but also enhance their organizational functions as a LIO. In this phase, some board members actually managed both business operation and field staff members since Org A did not establish a secretariat. Under such circumstances the chairperson decided that their organizational capacity at the time did not allow them to undertake the project alone, so he

Table 2: The types of governance logic and governance structure found in Org A

Types of Governance Logic Governance Structure	Volunteer Logic	Managerial Logic	Mission-Oriented Logic
Strategic Focus Points	Implementation of mission-oriented activities	Structuring management systems, formation of a mechanism for securing financial resources	Implementation of mission-oriented businesses
Strategy Development	Chairperson	Chairperson and Secretary general	Chairperson and Core staff members at a sub-committee of the Board
Decision-making	Top-down decision-making by Chairperson	Top-down decision-making by the Chairperson after collecting opinions	Decision-making based on mutual agreement under the facilitation of the Chairperson
Composition of Board Members	Diverse stakeholders in the community	A small number of Core staff members as well as diverse stakeholders in the community	A certain number of Core staff members as well as diverse stakeholders in the community
Main Role of Board Members	Supporting activities through the provision of resources (e.g., granting legitimacy to the organization) and services	Support to improve management capacity of the secretariat	Fostering of Core staff members and providing advice to the Secretariat
Selection Criteria for Board Members	Inclusion of various stakeholders in the community	Provision of resources (knowledge, information, know-how) necessary for management to the Secretariat	Ability to deal with organizational issues
Board Members' Commitment	Large variations in Board members	High	High or Medium
Relationship between the Board and Secretariat	Secretariat does not exist	Relationship can be explained by the stewardship model	Relationship can be explained by the stewardship model

Source: Author created

considered jointly undertaking the project with other a LIO in the same area. Fortunately, Org A obtained the project after a successful joint application. During this period, the chairperson replaced some board members with those who were able to deeply commit to the board management since the needs for business operations arose due to undertaking commissioned public projects. The dedicated support of former JC members enabled on-site management. However, despite some enhancement in functions of the board its governance was still based on volunteer logic. Therefore, the chairperson was still responsible for decision-making on a top-down basis.

3.3.3. Phase 3: 2009–2011

After having developed into a full-scale business

operation, the systematization of on-site management, human resource development, and organizational development became urgent issues. The chairperson introduced the secretariat system and hired a secretary-general who used to work for the LIO that was one of the co-partner organizations in operation of the prefectural commissioned project. During this period, the board has been operated mainly via mutual cooperation while introducing resources from outside on an ad-hoc basis. Board members enthusiastically supported and nurtured the first secretary general who grew up to be the current co-representative director. The chairperson had a governance and management style by which he merely put organizational philosophy in place and let his subordinates take charge of the business. However, in this phase, the chairperson was

responsible for making final decisions based on the active discussions made by board members. Under these circumstances, while on the one hand the secretary general struggled to reflect the chairperson's philosophy onto the business projects, she also fully committed to the growth of staff members in the process of constructing both management system and HR policies to facilitate the more independent nature of Org A. Board meetings, steering board meetings and staff meetings were frequently held. As a result, Org A improved both management capacity and quality of the staff members. Through reflection on the major organizational reforms undertaken during this period, the fostering of core staff members to become staff board directors was identified as the next issue by the chairperson.

In this phase the governance logic shifted from volunteer to managerial logic. This is because the development of the management system was more important than the mission of the organization in order to meet the implementation standards of the large-scaled public project. The large-scaled public project led to the introduction of the secretariat system. In order to lay the organizational foundations for business organization, resources necessary for management were provided to the secretariat through flat and interactive communications between board members and the secretary general. A wide range of management agendas including organizational strategy were reviewed and discussed at the steering board meeting. However, the chairperson remained responsible for making decisions based on the discussions made by the board members. The board was eager to develop managerial capabilities of the secretary general since it placed its emphasis on structuring management system of Org A. The relationship between the board and secretariat can be explained by the stewardship model as the board members offered sincere support to the secretary general.

3.3.4. Phase 4: 2011–2015

The year of 2011 was a turning point for the board governance of Org A, which led to the foundation of the organization's rebranding—initiated in the following year—as well as the independence of secretariat functions from the board. At that time,

the manifestation of Org A's inconsistent business portfolio emerged as a problem to be resolved. The chairperson considered that the attempt to address the problem demanded the clarification of their organizational direction. To this end, the independence of the secretariat from the board and the rebranding of the organization were indicated as tasks to be performed. The chairperson chiefly appointed the secretary general and one field manager as staff board directors in 2011. Second, he decided to work on their organizational rebranding, initiated in the year of 2012, consisting of a change of Org A's name and organizational concept. In the process of rebranding, its organizational businesses portfolio was reconsidered and then reorganized. In addition, in 2012 the steering board meeting turned into the bi-weekly-held management meeting which enabled field managers to take part in discussions on a wide range of agendas regarding organizational strategies, project management, and HR policies. Therefore, the efforts towards the Org A's rebranding were implemented smoothly. During this period, board members actively encouraged the secretariat to promote the organizational rebranding via provision of advice and suggestions to the secretariat. On the other hand, enhancing the consistency in board operations and business management was left a problem to be addressed.

As such, the organization's rebranding served as a starting point for the change in organizational governance orientation towards the mission-oriented logic position. The efforts towards the rebranding enabled the secretary general and on-site managers to grow up to become core members of the board since more opportunities were given to review and discuss their organizational strategy which reflects their organizational missions. Board members were similarly eager to nurture two staff board members. Decision-making in the board gradually shifted to a collegial system. This system allowed more diverse ideas based on organizational missions to come up at the board meetings. In this phase, the interactions between the board and secretariat became more active than previous phase and the relationship between them can be explained by the stewardship model.

Timeline

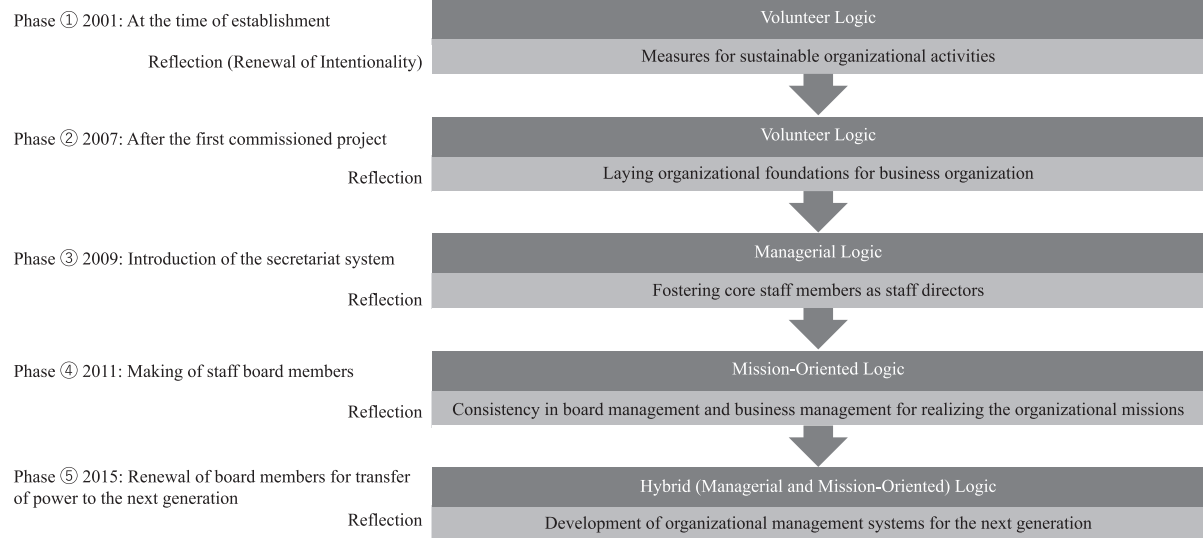


Figure 4: Shifts in the governance logic along the developmental phases of Org A

Source: Author created

3.3.5. Phase 5: 2015–

The chairperson made a drastic decision as he performed a rejuvenation of board members with a purpose of transferring more power to the younger generation. The fact that field managers who gradually grew up to be core staff members is behind such drastic decision on the rejuvenation of board members. Then in 2015, after the first secretary general was inaugurated as a co-representative director, the leading line manager succeeded her position to be the second secretary general and a few other field managers joined in steering the board. Furthermore, some older board members who engaged in supporting secretariat functions were replaced. The chairperson remained on the board as a co-representative director. In addition, younger board members who were chairpersons and managers of other NPOs joined the board members. The shift in the composition of the board members not only produced core staff from the inside of Org A and rejuvenated the board members, but also enhanced the consistency in board operations and business management. The steering of the board became more interactive and decision-making has been based on the collegial system since then.

The rejuvenation of the board with the aim of

delegating authority to the younger generation has shifted the hybrid of managerial and mission-oriented logic. This rejuvenation of the board members changed Org A's organizational governance as follows. First, under the chair's facilitation, steering of the board moved to a decision-making system based on mutual agreement. Such steering style enhanced the consistency in board management and on-site management to create more social values. Second, the selection of board members became more concrete as it became based on their ability to respond to the issues and problems that Org A faced. Third, more authorities were delegated from co-representative directors to the secretariat as the approvals of agendas for consideration submitted by the secretariat became the main roles of the board. The relationship between the board and secretariat can be explained by the principal (board) and agent (secretariat) model.

4. DISCUSSION AND CONCLUSIONS

In this section, we discuss the theoretical implication extracted from the case analysis and show limitations of this research, then future research tasks are to be indicated. This research attempts to

demonstrate acts of intentionality (Husserl, 2013) to demonstrate the practices taken mainly by the chairperson (founder and now co-representative director) in addressing the challenge of previous research in studies of nonprofit governance. Specifically, we demonstrated acts of chairperson's intentionality that reflect the process of his change-oriented practices in certain directions on the recursive basis, and clarified how noema of the intended-objects (particular phenomenon) were constituted in his consciousness.

4.1. Contributions

The contributions of this study to nonprofit governance research are as follows. First, we provided an analytical framework which enables us to explain not only how individual actors differently read and adapt to the same external environments, but also how they change their course of action. In this sense, our study is quite different from the contingency approach, which is all about explaining the actor's passive adaptation to organizational environments (e.g., Miller-Millesen, 2003; Ostrower & Stone, 2010). As for demonstrating actor's change-oriented practice, our study overcomes the challenges that Brown and Iverson (2004) expose. They certainly explain how nonprofit organizations differently have different governance structures in response to the same external environments as they have different organizational strategies. However, this organizational strategy itself may change. In such a case, it is impossible to explain how the practice of the chairperson in steering the board will be oriented. Adopting the concept of intentionality, this study demonstrated that the means and ends of the organizational activities led by the chairperson are defined not only by the external environment, but rather by the acts of consciousness (e.g., semantic phenomena and semantic experiences formed in the stream of time based on the accumulation of past experiences and the subsequent renewal of knowledge).

Second, we demonstrated that the acts of intentionality also create the stream of logic that defines nonprofit governance. The analytical framework we presented can identify the stream of change in nonprofit governance along the developmental phases of Org A. Current institutional studies (e.g.,

Battilana & Dorado, 2010; Pache & Santos, 2013) focus on hybrid organizations such as NPOs in terms of balancing the conflicting logics of social and commercial logics. However, those studies undertheorize how NPOs adapt to environmental changes by transitioning from the existing governance structure with its mission-oriented logic to the desired hybrid governance structure (Bruneel et al., 2020). On the other hand, our study demonstrated the transitions in the governance logic of Org A along its developmental phases through the chairperson's acts of intentionality on a recursive basis. In particular, an important theoretical contribution is that we were able to explain the changes in the governance structure by clarifying the point at which the chairperson's reflection on the results of the organization's activities and the resulting renewal of his or her own intentionality define the next governance logic. It should be noted, however, that although governance logic was categorized into three types in the case analysis, each type of governance structure is related only to the case study of Org A. In other organizations, the same logic may lead to a different governance structure. This is because the development (practice) of the governance logic by the chairperson is defined by the recursive relationship between his/her conscious acts and practice in the specific and individualized governance context. In other words, although there is a shared logic, the development (practice) of the logic takes place in a specific and individualized context, potentially resulting in a different governance structure.

4.2. Limitations and future research directions

Finally, the paper closes by indicating the limitations of this study and future research agendas, and presenting future research directions in consideration with the future research agendas. This study attempted to demonstrate a dynamic process of nonprofit governance with focus on practices taken by the chairperson. However, the power structure in the operation of the board has not been analyzed. Unlike conventional large-scale NPOs, Org A, the subject of the case analysis, had an underdeveloped management base, and therefore it placed priority on addressing the issues of organizational survival and the creation of social value,

rather than protecting vested interests. Therefore, there were no serious conflicts of opinion over the steering of the board. Rather, the board members did their best to address the issues. As such, the following points can be identified as future research agendas. First, the analytical framework presented in this paper needs to be modified to allow for an intersubjective analysis of the actors in the board, including the coordination of conflicts of opinion in the board operations. Second, it is necessary to clarify how the functions and structure of the board were reconfigured through political conflicts and how the logic of governance changed in these conflicts, targeting NPOs that experienced political conflicts over the steering of the board.

Following the future research agendas indicated above, the future research direction will be presented. To address the first agenda, the analytical framework needs to be modified. Specifically, it is necessary to reflect a perspective of desire correlativity on the analytical framework (intentionality of the actor's consciousness). This desire correlativity is something missing in Husserl's epistemology and means that the actor perceives the world (object) in correlation with his own value and desire (Nishi, 2005). This perspective can be reinforced by applying the argument developed by Hegel, also in the vein of German Idealism, in his book, "The Phenomenology of Spirit" (Hegel, 2018). Hegel (2018) argues a dialectical thought process as follows: actors seek the approval of others for their reasons, which arise from self-consciousness based on their desire, and through confrontation and struggle with others, both sides finally reach an "absolute knowledge" (truth) based on mutual approval. This perspective can be applied to analysis. For example, when analyzing a board case in which board members deal with a management issue (e.g., board reform) that causes a sharp conflict among them, we can extract the explanatory logic as follows: (1) how the "values and problem consciousness toward reform" of the proponents and opponents were formed in their past experiences of consciousness, and (2) how their self-consciousness changed as they debated with each other in a long-term trial-and-error process, and how they finally came to the conclusion that they could empathize (Nonaka & Yamaguchi, 2022) or one that they can convince

themselves of its validity.

To deal with the second research agenda, it is necessary to clarify the leadership style of the chairperson who leads the process of such dialectical dialogue. To this end, it is necessary to clarify the facilitation mechanism for leading an open dialogue for reform, taking into account the balance of power between proponents and opponents of reform, presenting a concept for reform that will trigger a change in the mindset of both sides, and facilitating discussions that will lead to the generation of a governance logic compatible with both sides. Each full member has one vote in the general meetings of CSOs, regardless of the number of units of membership dues, unlike the case in private companies where a particular shareholder can control the decision-making process by acquiring a large number of shares with voting rights. In particular, the chairperson must use discourse to enhance the legitimacy of his or her own opinion and achieve the "organization of consent" (Gramsci, 1971) before a verdict on a controversial issue. The chairperson must have a high level of facilitation skills since heated debates develop between proponents and opponents at times. This process of dialectical dialogue is a process of change in the function and structure of the board, and the chairperson, while facilitating the dialogue, can identify how the operating rules of the board (e.g., powers of directors, number of directors, criteria for appointment and dismissal of directors, term of directors, etc.) can be revised based on a legitimized governance logic.

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NOTES

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- 2) Volunteer logic places its emphasis on implementation of mission-oriented activities; Managerial logic places its emphasis on structuring a management system and forming a mechanism for securing financial resources; Mission-oriented logic places its emphasis on implementation of mission-oriented businesses.

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